

### Subpart D—Instructions For Revenue Accounts

#### § 32.4999 General.

(a) *Purpose of revenue accounts.* The revenue accounts are intended to include the actual cash inflows (or equivalents) that have or will occur as a result of the company's ongoing major or central operations during the period. They will include the revenues which arise from furnishing regulated telecommunications services to others, from directory advertising, rentals of telecommunications assets and from providing other services which are directly associated with the provision of regulated telecommunications services.

(b) *Deductions from revenue.* Corrections of overcharges, authorized refunds of overcollections previously credited to revenue, authorized refunds and adjustments on account of failure in service, and other corrections shall be charged to the revenue account previously credited with the amounts involved.

(c) *Commissions.* Commissions paid to others or employees in place of compensation or salaries for services rendered, such as public telephone commissions, shall be charged to Account 6623, Customer Services, and not to the revenue accounts. Other commissions shall be charged to the appropriate expense accounts.

(d) *Revenue recognition.* Credits shall be made to the appropriate revenue accounts when such revenue is actually earned. When the billing cycle encompasses more than one accounting period, adjustments are necessary to properly recognize the revenue applicable to the current accounting period under report. Revenues recorded under the terms of two-tier contracts or other variable payment plans should be deferred, if necessary, and recognized ratably with expenses over the terms of the related contract. Any amounts deferred shall be credited to Account 4360, Other Deferred Credits.

(e) *Contractual arrangements.* Charges and credits resulting from activities associated with the provisions of regulated telecommunications services shall be recorded in a manner consistent with the nature of the under-

lying contractual arrangements. The charges and credits resulting from expense sharing or apportionment arrangements associated with the provision of regulated telecommunications services shall be recorded in the detailed regulated accounts. Charges and credits resulting from revenue settlement agreements or other revenue pooling arrangements associated with the provision of regulated telecommunications services shall be included in the appropriate revenue accounts. Those charges and credits resulting from contractual revenue pooling and/or sharing agreements shall be recorded in each prescribed revenue account and prescribed subsidiary record categories thereof to the extent that each is separately identifiable in the settlement process. It is not intended that settlement amounts be allocated or generally spread to the individual revenue accounts where they are not separately identifiable in the settlement process. When the settlement amounts are not identifiable by a revenue account they shall be recorded in Account 5069, Other Local Exchange Revenue Settlements, 5129, Other Long Distance Private Network Revenue Settlements, 5169, Other Long Distance Revenue Settlements, or 5269, Other Revenue Settlements, as appropriate.

(f) *Subsidiary records—jurisdictional subdivisions.* (1) Subsidiary record categories shall be maintained in order that the company may separately report revenues derived from charges imposed under intrastate, interstate and international tariff filings. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

(2) This jurisdictional subsidiary record requirement applies to all accounts except the Network Access Services Group where separate accounts have been established for Federal and state access revenues.

(g) *Structure of revenue accounts.* (1) The revenue section of the system of accounts shall be organized by revenue group summary account, account and subsidiary record category (if required).

(2) The revenue section of this system of accounts shall be comprised of five major groups—Local Network

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Services Revenues, Network Access Services Revenues, Long Distance Network Services Revenues, Miscellaneous Revenues, and Uncollectible Revenues, which shall be considered as a revenue group for the purposes of the construction of the system.

(3) Summary accounts within revenue groups shall be used to describe aggregations of two or more accounts having a certain commonality. Summary accounts are assigned numbers so that they may be used by Class A telephone companies to aggregate accounts for reporting purposes; and, as specifically directed, so that they may be used as accounts by Class B telephone companies.

(4) Accounts shall be maintained as prescribed in this Section subject to the conditions described in section 32.13 of subpart B. In certain instances, subsidiary record categories may be required below the account level by this system of accounts or by Commission order.

(h) *Local Network Services revenues.* Local Network Services revenues (Accounts 5000-5069) shall include revenues derived from the provision of service and equipment entirely within the basic service area. That area is defined as the normal boundaries for local calling plus Extended Area Service (EAS) boundaries as they apply to that service. It includes revenues derived from both local private network service and local public network services as well as from customer premises facilities services. Local revenues include associated charges such as one-time service connection or termination charges and secondary features such as call waiting.

(i) *Network Access revenues.* (1) Network Access revenues (Accounts 5080-5084) shall include revenues derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications services beyond the exchange carrier's network.

(2) Billing and collections service provided under exchange access tariffs shall be included in the Miscellaneous Revenues Group.

(j) *Long Distance Network Service revenues.* Long Distance Network Service revenues shall include revenues derived

from the provision of services beyond the basic service area, whether message or flat-rate and including public network switching as well as private.

(k) *Miscellaneous revenues.* Miscellaneous revenues are those revenues derived from the provision of regulated products and services provided under tariff or contract but not contained elsewhere. They shall also include operating revenue derived from activities performed incident to the company's tariffed telecommunications operations which, though non-tariffed, are included in the regulatory process.

(l) *Nonregulated revenues.* The non-regulated revenue account shall be used for nonregulated operating revenues when a nonregulated activity involves the common or joint use of assets or resources in the provision of regulated and nonregulated products or services as required in §32.23(c) of this subpart. Revenues from nontariffed activities offered incidental to tariffed services may be accounted for as regulated revenues, provided the activities are outgrowths of regulated operations and the revenues do not exceed, in the aggregate, one percent of total revenues for three consecutive years. Such activities must be listed in the Commission-approved Cost Allocation Manual for any company required to file a Cost Allocation Manual.

(m) *Uncollectible revenues.* Uncollectible revenues shall include amounts originally credited to the revenue accounts which have proved impracticable of collection.

(n) *Revenue accounts to be maintained.*

Account title	Class A account	Class B account
Local Network Services Revenues:		
Basic local service revenue .....	1 5000	5000
Basic area revenue .....	5001	.....
Optional extended area revenue .....	5002	.....
Cellular mobile revenue .....	5003	.....
Other mobile services revenue ..	5004	.....
Local private line revenue .....	5040	.....
Customer premises revenue .....	5050	.....
Other local exchange revenue ...	5060	.....
Other local exchange revenue settlements .....	5069	.....
Network Access Services Revenues:		
Network access revenue .....	1 5080	5080
End user revenue .....	5081	5081
Switched access revenue .....	5082	5082
Special access revenue .....	5083	5083
State access revenue .....	5084	5084
Long Distance Network Services Revenues:		
Long distance message revenue	5100	5100

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Account title	Class A account	Class B account
Unidirectional long distance revenue .....	1 5110	.....
Long distance inward-only revenue .....	5111	.....
Long distance outward-only revenue .....	5112	.....
Long distance private network revenue .....	1 5120	.....
Subvoice grade long distance private network revenue .....	5121	.....
Voice grade long distance private network revenue .....	5122	.....
Audio program grade long distance private network revenue .....	5123	.....
Video program grade long distance private network revenue .....	5124	.....
Digital transmission long distance private network revenue .....	5125	.....
Long distance private network switching revenue .....	5126	.....
Other long distance private network revenue .....	5128	.....
Other long distance private network revenue settlements .....	5129	.....
Other long distance revenue .....	5160	.....
Other long distance revenue settlements .....	5169	.....
Miscellaneous Revenues:		
Miscellaneous revenue .....		5200
Directory revenue .....	5230	.....
Rent revenue .....	5240	.....
Corporate operations revenue ....	5250	.....
Miscellaneous revenue .....	1 5260	.....
Special billing arrangements revenue .....	5261	.....
Customer operations revenue ....	5262	.....
Plant operations revenue .....	5263	.....
Other incidental regulated revenue .....	5264	.....
Other revenue settlements .....	5269	.....
Carrier billing and collection revenue .....	5270	.....
Nonregulated Revenues:		
Nonregulated operating revenue .....	5280	5280
Uncollectible Revenues:		
Uncollectible revenue .....	1 5300	5300
Uncollectible revenue—Telecommunications .....	5301	.....
Uncollectible revenue—Other .....	5302	.....

<sup>1</sup>To be used by Class A telephone companies to summarize accounts for reporting purposes.

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### § 32.5000 Basic local service revenue.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5001 through 5004. Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5001 through 5069.

### § 32.5001 Basic area revenue.

(a) This account shall include revenue derived from the provision of basic area message services such as flat rate services and measured services. Included is revenue derived from non-optional extended area services. Also included is revenue derived from the billed or guaranteed portion of semi-public services.

(b) Revenue derived from charges for nonpublished number or additional and boldfaced listings in the alphabetical section of the company's telephone directories shall be included in Account 5230, Directory Revenue.

### § 32.5002 Optional extended area revenue.

This account shall include total revenue derived from the provision of optional extended area service.

### § 32.5003 Cellular mobile revenue.

This account shall include message revenue derived from cellular mobile telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area.

### § 32.5004 Other mobile services revenue.

(a) This account shall include message revenue derived from general radio telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area, as well as revenue from mobile radio paging, mobile dispatching, and signaling services.

(b) Revenue from private mobile telephone services which do not have access to the public switched network shall be included in Account 5264, Other Incidental Regulated Revenue.

### § 32.5040 Local private line revenue.

This account shall include revenue derived from local services that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g., point-to-point communications). It includes revenue from subvoice grade, voice